G. R. S. 58]

Previous references.

File No. 64 of 15.

1915-16
(A & J.)

Serial Nos. 1, 2, 2A, 3, 3A, 4.

Later references.

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20/6/25

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 1, 2, 2A, 3, 3A, 4.

Part B for October, 1915.

SUBJECT.

Sir James Wilson's Note on the Working of an Italian Co-operative Cattle Insurance Society.

B. N. Sitaramayya
6.10.1915.

G. R. S. 11] 1915-16

GENERAL AND REVENUE SECRETARIAT.

(443)

NOTES.

File No. 64 of 15

FILE HEADING.

Cooperative Cattle Insurance Society, Italy

From

The First Assistant to the Hon'ble the Resident

No. 5346 Dated 29 Received 5 8 15

Diary No. 645	Enclos. 1	Spare Copies. 6	Serial No. 1

BRIEF ABSTRACT OF LETTER.

Forward for the information and use of the Regr of Co-ops a copy of a Note by [illegible] on the working of an Italian cooperative cattle [illegible] society [illegible] the Journal of the Board of Agriculture for May 1915

NOTES AND ORDERS.

Dewan's Orders

(1) May be sent to the Registrar

(2) Copy may be given to Committee for Agriculture

(3) Secretary may think of other cases.

GPB—30,000—8-2-11

R. S. 12]

General and Revenue Secretariat.

N+9 File No. 64 of 191 5. 16

Serial No.	
2	DO letter No 3131 dated 9th July 1915 to the First Assistant to the Hon'ble the Resident ——— Acknowledges receipt of the above & states that the copy is being forwarded to the Regr. (2) A copy to the Registrar is submitted, as also to the Secretary Agricultural Committee. (3) The note may also be translated & published in the Kannada edition of the Economic Journal, as well as in the English Edition. DR → 6.8.15 (4) Orders approved. If spare funds appear available, we may request Govt to entrust E-J. 6/8/15
2A	No 1059 dt 29 2.9.15 to the Regr of Co-ops ——— Forwards the note & requests that copies of the same translated may if found useful, be supplied to Rural Co-op Societies & also published in the Co-op Bulletin. No 1060 dt 2.9.15 [illegible]

General and Revenue Secretariat. | A+D File No. 64 of 191 5-16

Serial No.	
	(1) A draft forwarding a copy of the note to the Editor of the Indian Economic Journal is submitted. DR 6/9/15 (2) 6/9
3	Letter No 115 9 dated 8th Sept 1915 to the Editor, Indian Economic Journal forwarding copy of the note
4	Letter No 743 R II 9.15 from the Editor of the Journal stating in reply to the above that the note has already appeared on pp. 328-332 of vol 9, No 4 of the Journal. (3) may these papers be filed now? DR 4/10/15 4/10

D. O. No. 2747

D.O. No. 5346 Encl. 1
450

THE MYSORE RESIDENCY,

Bangalore, 29th July 1915.

My dear Dewan Sahib

I am desired to forward, for the information and use of the Registrar of Co-Operative Societies in the Mysore State, a copy of a note by Sir James Wilson on the working of an Italian Co-Operative Cattle Insurance Society, published in the Journal of the Board of Agriculture for July 1915.

Yours Sincerely
M. S. Walker

Sir K. Viswesvaraya, K.C.I.E.,
Dewan of Mysore.

Lecular E & A
(1) Keep in view for the Registrar
(2) Copy may be sent to Agriculture

29.7.15 Ack 30/7/15

NOTE BY SIR JAMES WILSON ON THE WORKING OF AN ITALIAN CO-OPERATIVE CATTLE INSURANCE SOCIETY.

----:0:0:----

There are in Italy 812 societies for the mutual insurance of cattle and it is instructive to study the working and history of one of them, which was founded in 1907 at Ferentino in the Province of Rome. Ferentino is a country town of considerable size, perched on the top of a hill some 50 miles south of Rome, amidst picturesque mountainous scenery. The surrounding land is fairly fertile and well cultivated, the principal crops being vines, olives and wheat.

The agricultural holdings are generally small in area, and many are owned by the holders themselves. There are few outlying farm-buildings, and as most of the cultivators live in the town itself, they have often to go several miles to and from their fields, which must involve a considerable waste of time and make manuring operations difficult. Practically all the farm work is done with bullocks, and seeing how much the loss of a cow or bullock may seriously embarrass a small farmer, a number of the more intelligent land-owners, at the instance of one of the itinerant lecturers, with whom Italy is well provided, resolved to found a society for mutual insurance against losses from the death of cattle. The Society has been very successful, the number of members having risen steadily in the four years 1910 - 13 from 122 to 336, almost all of whom are engaged in agriculture.

Constitution of the Society:- The ordinary membership of the Society is confined to owners of cattle residing within the commune (parish) of Ferentino, but cattle-owners residing in its immediate neighbourhood may also be admitted if the committee consider it possible to maintain without difficulty the necessary supervision over their cattle. In practice the Society's operations cover the

circle

circle of about three miles radius round the town. The entrance-fee was originally fixed at 1s.8d., has since been raised to 4s. per member. The Society holds a general meeting half-yearly in February and August, but the ordinary management of its affairs is in the hands of a committee, consisting of a president, (at present the Mayor) a vice-president and five committee men, elected from among the members, one of whom acts as treasurer. It has also a council of control, consistinf of three members, which sees that the rules are carried out and the books properly kept, and has the powers of calling a general meeting to deal with any irregularity it may notice, a secretary, and at least three inspectors, whose duty it is to visit and supervise the insured animals, especially those that fall sick. All these officials give their services gratuitously althoughthe rules allow of a salary being paid to the Secretary.

Animals insured, Compensation and Premiums:- The Society insures only horned cattle of not less than four months old, an insured animal being marked by fastening in its ear a stud bearing the Society's name and the animals' number as entered in the Register so as to make its identification easy. When a claim for compensation is established the Society pays the owner four-fifths of the value at which the animal was insured and receives any sum that may be obtained for the sale of the animal or its carcass. At first the rate of insurance contribution was fixed as follows on the value for insurance:-

(1) For fattening, breeding and milch animals, 1½%

(2) For working bullocks 2½%.

After some experience however, the rates are revised and they now stand as follows:-

(1) Working bullocks and breeding and milch cows:-

Up to £ 20	2 1/10 %
Over £20 and up to £30 ...	3 %

(2) Calves and fattening animals:-

Up to £ 12	1½%
Over £ 12 up to £ 18 ...	2%

The maximum amount for which an animal can be insured is £ 30, for the first class and £ 18 for the second.

A bullock is generally set to work at 2 years old but it is better not to break him in ~~xxxx~~ till he is 2½ or 3 years old. In his prime at four years old his average value ~~xx~~ is about £ 20. He can work till he is ten years old but at about 8 he is generally fattened for a few months and sold to the butcher, a good fat bullock fetching of a price of about £ 24. A heifer is generally sent to the bull when she is 18 or 19 months old, and can go on bearing perhaps 8 calves till she is 10 years old but before that she is generally fattened, and fetches a prices of about £ 20 when sold fat.

The premium is paid in a lump sum in advance and the insurance takes effect from the 16th day after the date of ~~xxxxxx~~ the policy and lasts till the end of the second half year thereafter the half years ending for this prupose on the 30th June and 31st December The policy can be renewed year by year on notice given 20 days before its expiry.

The Society pays compensation in case of the death of an insured animal from disease or accident but is not liable where the death of the animal is caused ~~xxx~~ first by fire, fall of buildings, flood war, invasion, riots or by other form s of violence or crime; or second, by bad treatment or other fault of the member or of those to whom he entrusts the charge of the animal. It also ~~xx~~ refuses, to pay any compensation when the member had given false information declines to sell the sick animal when required by the Committee omits to inform the committee without delay when the animal falls ill or meets with an accident or neglects to use ~~xx~~ every endeavour to cure the animal in accordance with the suggestions of the Committee.

A

A member who sells or exchanges an insured animal can substitute for it another insurable animal without additional payment. The committee are required before accepting an animal for insurance, to have it inspected, and to make sure that it is sound and fairly valued. Insurance is refused when the animal shows symptoms of illness or indistinctly poor condition with due regard to it s age or when the owner neglects ordinary sanitary precautions in his treatment of the animal more especially as regards the condition of the premises in which it is kept, or when the member has already insured the animal with another society.

When a case of anthrax or other contagious disease has occurred in the neighbourhood, the committee may suspend the acceptance of new animals for insurance up to 30 days after the last death from such a disease. The Society has the right to have inspections made of the premises in which the insured animals are kept and the committee may suspend a member's right to compensation when it finds that he has committed a breach of the conditions of insurance or of elemntary rules of sanitation. Whenever any accident happens to the insured animal or themember notices any symptom of illness, he must inform the committee and the --- inspectors within the succeeding 24 hours. The committee, on receiving such a notice, is required to satisfy itself that the policy has not expired and that there has been no fradulent substitution of animals: and to decide whether the owner should be required to undertake the cure of the sick animal by adopting any suggestions made by the committee as to the measures to be taken, or to sell it at once; and whether the death if it has already occurred, can be attributed to fraud or negligence, on the part of the member, or to the other causes which exempt the society from liability. The expenses of the feeding and the cure of the sick animal are at the charge of the member; but the society may, when its finances allow, make a grant towards these expenses.

Extra

Extra levies: When during the year the available funds are exhausted, whether owing to extraordinary mortality or other -- causes, so that they are not sufficient for the payment of the claims, the committee may call upon the members to pay an extra levy not exceeding 7½% of the ordinary insurance contributions of the year. If this levy does not provide sufficient funds to meet all the liabilities of the Society, a general meeting must be summoned to decide, for the current year, on the adoption of one or both of the following measures: (1) the imposition of a further levy, (2) the reduction of the proportion of the insured value to be paid as compensation. The whole of the profits of each year must be carried to the reserve fund.

Recent statistics with regard to the Working of the Society:

In 1913 the Society consisted of 338 members and issued 286 policies, covering 587 animals, valued for insurance at £ 10,552; so that on the average each insurer insures only two animals and the average value of an animal for insurance is £ 18. On the average of the four years 1910-13, the number of animals insured was 426, and the number of claims paid 18, so t that the casualty rate averaged 4.2 per cent per annum: it varied from 5.7 per cent in one year to 3.1 per cent in another The average age of the animals on which claims were paid was for working bullocks 5½ years, for cows 5 years, and for calves 12½ months. The amount paid in compensation averaged £ 209, or £ 11-12s. per animal on which a claim was allowed, but nearly one-third of this sum was recovered by the sale of the animal or its carcass. When an insured animals dies or falls ill, or meets with an accident, and the committee, on the report of its inspectors, thinks it should be condemned as unfit for work or unlikely to recover, it is examined by a veterinary surgeon, who certifies the disease (if any) from which it is suffering and whether its flesh is fit for human food. If the disease is

anthrax

anthrax, the flesh and hide are destroyed; if pneumonia, tuberculosis or any dangerous disease, the flesh is destroyed and the hide sold; and if the disease is not considered to make the flesh unfit for consumption, for instance, it is a disease of the limbs, of if the animal has been injured by an accident, it is either butchered or sold alive, the proceeds of the sale in every case being credited to the Society. Of the 72 animals on which claims were paid during the four years 1910-13, in 29 cases the flesh was destroyed, in 16 it was sold, and in 27 cases the animal was sold alive. The Society thus receives a considerable income from the sale of condemned animals, which goes to counterbalance to some extent the amount paid on claims. In the three years 1911-13, during which 55 claims were paid, the Society paid in compensation, £ 683, but received for the sale of animals and carcasses £ 201 so that its net loss was only £ 482, an average of £ 8-15s per animal on which compensation was paid. This is equivalent to an average annual net loss of 6s-10d. per animal insured during those years. During the same three years the income from premiums amounted to £ 533, an average of 7s.7d. per annum per animal insured; so that, taken by themselves, the income from premiums was more than sufficient to cover the net losses on claims.

The other income and expenditure of the Society are comparatively small, as no contribution is levied for management expenses, and as most of the work of administration is done without remuneration. In 1913 the Society had a windfall in the shape of a prize of £ 80 awarded it as being one the best manage societies of the kind in Italy. The vaerages for the three years 1911-13 have been as follows:-

Average income:		
Insurance premiums	.. ..	£ 178
Sale of condemned animals & carcasses	..	67
Prize from Board	.. ..	27
Other income	.. ..	5
	Total income	277

Average expenditure:-

Paid on claims	...	...	228
Salaries to clerk & marker		...	15
Other expenses	...	...	20
		Total expenditure	263.

Thus during these three years the average income exceeded the average expenditure by £ 14 per annum, and the reserve fund at the end of 1913 showed a credit balance of £ 34. Had the Society not received its £ 80 prize in 1913, its working would have resulted in a small net loss, and its balance sheet would have shown a deficit of £ 46. The working expenses averaged per annum £ 35, or --- 1s-6d. per animal insured, and if the Society were to levy a separate management contribution of something like this amount it might expect to see its reserve fund increase satisfactorily, even if it did not again obtain outside help in the form of a prize. In --- England, when the costs of management are accounted for separately, a levy equivalent to 6d. per animal per annum is generally found sufficient.

It will be seen that the Society has adopted the principle of charging the insurance contribution at a higher percentage on the more valuable than on the less valuable animals. This would be only fair if the casualty rate were higher among the better animals -- than among those of less value; but, to judge from experience in this country and in India, among cattle owned by peasants, none of them so highly bred as to be delicate in constitution, the casualty rate among the more valuable cattle is likely to be less than among the less valuable, which are, on the whole, not so well cared for. Besides, this principle acts as a deterrent on the keeping of better class animals, a practice which ought to be encouraged as much as possible. It would seem to be fairer and wiser therefore if the Society were to charge as premium the same percentage on all animals, whatever be their value.

Another

Another principle adopted by the Society is to charge the same percentage on working bullocks as on breeding and milch cows, and a lower percentage on calves. To judge from the Society's own experience during the four years 1910-13, this also is unfair. Adding together the figures for those years, we have the following result:-

Class of animal.	No.insured	No.of claims paid	Casualty rate per cent per annum.
Working bullocks	522	15	2.9
Cows	552	30	5.4
Calves	628	27	4.3
All animals	1,702	72	4.2

Thus, as a matter of experience, the actual casualty rate among the working bullocks has been little more than half that among the cows. There is a further reason for charging a lower rate on the bullocks. What the Society has to meet in premiums is the net loss after deducting the receipts from sales of condemned animals from the amount paid in compensation and on this point the following figures are instructive:-

Class of animal.	Total number on which claims were paid.	How disposed of		
		sold alive	Flesh sold	Flesh destroyed
Bullocks	15	5	3	7
Cows	30	6	9	15
Calves	27	16	4	7
All animals	72	27	16	29

Thus the proportion of condemned animals which were sold alive and therefore presumably brought a better price than they would have fetched ff they had died or been slaughtered, was for bullocks one-third; for cows, only one-fifth; and for calves, more than one-half. It seems that, although bullocks are more liable than cows to accidents, diseases of the limbs, and injury to their health from exposure or overwork, the casualty rate among them is really considerably less than among cows, which are liable to many diseases and especially to those connected with parturition; for instance, during the four years, the number of deaths from anthrax alone was as follws- 2 bullocks, 8 cows, and 1 calf. On the whole it would seem that to judge from the Society's own experience, a fairer system of charging premiums would be as follows

	Per cent
Working bullocks	2
Cows	4
Calves	3

on the value at which the animal is insured, whatever that value may be. As the Society pays the owner as compensation only four-fifths of the insured value, these rates should leave sufficient margin to pay the expenses of management; but a better principle would be to charge say one franc (9½d) per animal per annum as a management contribution and to keep the costs of management within that figure, leaving the surplus of the premium income to go to build up a reserve fund, which would protect the Society from the risk of having to make a levy in years of exceptional mortality and would in time enable it to reduce the rate of premium charged to members of long standing.

Comparison with the Experience and Methods of English cattle Insurance Societies:- It is interesting to compare the experience of this Italian Society with that of similar co-operative insurance societies in England and Wales. Most of the co-operative

cattle

cattle insurance societies in this country insure only cows and female calves and pay compensation in much the same class of cases as is done by the Ferentino Society. They do not, however, as a rule pay for any animal which can be sold alive; they make the owner do his best to cure the animal, and only pay compensation when it dies or has to be slaughtered as incurable. This may partly account for the higher casualty rate at Ferentino, which, for cows, and calves taken together, is 4.8 per cent per annum, while on the average of nearly 10,000 cows and calves co-operatively insured in this country, the casualty rate is only 2.6 per cent. Probably the main reason for this great difference in casualty experience, however, is that cattle in Italy are much more exposed to epidemic diseases than they are in this country, which has been enabled by its insular position and the general spread of veterinary and sanitary knowledge among the cattle owning classes to reduce the risk of loss from such diseases to a minimum. Probably no English Cow insurance society has, at all events, for many years, had any loss comparable to the 11 cases of anthrax which have occured among the 426 cattle insured at Ferentino within the last four years.

Another marked difference is that at Ferentino the Society finds it possible to recover a considerable proportion of the amount paid as compensation by the sale of condemned animals or their carcasses, whereas in this country, owing no doubt to more stringent sanitary regulations and to a greater dislike to the consumption of meat suspected of disease, a condemned animal, unless its death was purely accidental, seldom fetches much more than the value of its hide. While the Ferentino Society during the three years 1911-13 paid £ 683 in claims, it recovered by the sale of condemned animals and carcasses no less than £ 201, or nearly one-third of its losses; while in England, so far as our information goes, the proportion so recovered is less than one-tenth. Notwithstanding this advantage, the average annual net

loss

loss to the Ferentino Society has been 6s.10d. per animal insured, while in England the corresponding figure is about 4s. This difference is, however, partly accounted for by the fact that at Ferentino a member may insure his cow up to £ 30, in which case he could get from the Society £24 as compensation, while in England most Societies fix a low maximum, such as £ 10 or £12 to the amount payable on the death of any animal; but as at Ferentino the average value for insurance of all the animals is only £ 18, it seems that most of the members are content with the lower maximum of £ 20 for a cow and £ 12 for a ~~xixgx~~ calf (four-fifths payable in case of death.). At Ferentino, on a cow valued at not more than £ 20, the rate of premium charged is $2\frac{1}{10}$ ~~22xx22x5x2x~~ per cent on the value for insurance as only four-fifths of this value is payable as compensation, this is equivalent to 2.6 per cent on the compensation payable. but, according to recent Ferentino experience, this rate is not nearly sufficient to cover the net losses in the case of cows, and should be raised to something like 4 per cent. On the other hand, in England, according to the experience of English cow insurance societies, a rate of a little over 2 per cent on the maximum compensation payable is quite sufficient to cover the net losses among cows and provide for the building up of a reserve fund.

In England, it is not usual to insure fattening bullocks co-operatively, and there are few statistics available to show what is the death-rate from disease or accident among that class of animal, so that the Ferentino experience ~~experience~~ regarding casualties among working bullocks is interesting, and if the statistics could be extended so as to embrace the experience of a number of Italian societies they would be specially valuable in India and similar countries, where endeavours are being made

to

to introduce a system of insuring working bullocks. At Ferentino the casualty rate among bullocks of this class has been only 2.9 per cent as compared with 5.4 per cent among the cows, and as the working bullocks is kept to a greater age and exposed to much greater risks than the fattening bullock, it seems probable that an even greater difference in casualty rates exists between fattening bullocks and cows in this country; and that here, if, as experience proves, a little over 2 per cent on the amount of compensation payable is enough to cover the net losse in the case of cows, then about $1\frac{1}{3}$ per cent should be charged in the case of fattening stock.

Although, to judge from its own recent experience, the rates of premium charged by the Ferentino Society require to be raised somewhat and readjusted in fairness to the working bullocks there can be no doubt that it has been most successful in insuring the cattle belonging to its members at small cost to them, and thus has saved many of them from what would, without it, have been ruinous losses.

BALLABROOIE,
HIGH GROUND,
BANGALORE.

29th July 1915.

Sir,

I write to acknowledge, with thanks, the receipt of a note by Sir James Wilson, on the working of an Cooperative Cattle Insurance Society, published urnal of the Board of Agriculture for May 1915, rwarded with your D.O. letter No.5346 of the 29th

The copy is being forwarded to the Registrar of ve Societies in Mysore.

Yours sincerely,

H. Hamond

rton Esqr., I.C.S.,
rst Assistant to the Hon'ble the Resident in Mysore,
Bangalore.

14

Bangalore
29th July 15

D. O. No. 3131

P. B. Warburton Esq.

My dear ~~Sir~~ Mr. Warburton,

I write to ac-knowledge, with thanks, the receipt of a copy of ~~the~~ a note by Sir James Wilson on the work-ing of an Italian Co. operative Cattle Insurance Society published in the Journal of the Board of Agriculture for May 1915, kindly forwarded with your D.O. letter No: 5346 of the 29th instant.

~~I am~~ forwarding to the Registrar of Co. operative Societies in Mysore ~~for study & Suggestions~~.

Yours sincerely

RG

20.7.15

(Dewan)

to introduce a system of insuring working bullocks. At Ferentino the casualty rate among bullocks of this class has been only 2.9 per cent as compared with 5.4 per cent among the cows, and as the working bullocks is kept to a greater age and exposed to much greater risks than the fattening bullock, it seems probable that an even greater difference in casualty rates exists between fattening bullocks and cows in this country; and that here, if, as experience proves, a little over 2 per cent on the amount of compensation payable is enough to cover the net losses in the case of cows, then about 1⅓ per cent should be charged in the case of fattening stock.

Although, to judge from its own recent experience, the rates of premium charged by the Ferentino Society require to be raised somewhat and readjusted in fairness to the working bullocks there can be no doubt that it has been most successful in insuring the cattle belonging to its members at small cost to them, and thus has saved many of them from what would, without it, have been ruinous losses.

15

G. R. S. 29]

GENERAL AND REVENUE SECRETARIAT.

( )

DRAFT ENDORSEMENT ON | File No.
Serial No.

No.....

Dated.....the.....191 .

Issued on the.....

~~Copy~~ forwarded to the Registrar of C & in Mysore.

Copies of the Note translated may, if found useful, be supplied to rural Coopve societies & also published in the Coopve Bulletin.

By Order, etc.

for Secy C & A

12-6-15

List of papers forwarded.

Note by Sir James Wilson on the working of an Italian Coopve Cattle Insurance society published in the Journal of the Board of Agriculture for May 1915

GPB—1,500—8-7-14

G. R. S. 29|

GENERAL AND REVENUE SECRETARIAT.

( )

DRAFT ENDORSEMENT ON | File No.
Serial No.

No.....

Dated..... the.....191 .

Issued on the.....

Copy forwarded to ~~the~~ Secretary Agricultural Committee of the Le. Conf ce.

By Order, etc.

6/7/11
for Secy C & A

List of papers forwarded.

~~Note &c~~ Copy of a Note by Sir James Wilson on the working of an Italian Co-operative Cattle Insurance Society, published in the Journal of the ~~Board of~~ Agriculture for May 1915

GPB—1,500—8-7-14

G. R. S. 29]

GENERAL AND REVENUE SECRETARIAT.

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DRAFT ENDORSEMENT ON

619

File No.

Serial No. 3 A

No.....

Dated.....*the*.....191 .

Issued on the.....

Copy forwarded to the Editor of the Imperial Economic Journal ~~for publication in the Journal if found~~ ~~desirable~~.

By Order, etc.

for Secy to Govt
E & A

6/9/15

List of papers forwarded.

Copy of a Note by Sir James Wilson on the working of an Italian Co-operative Cattle Insurance Society, published in the Journal of the Board of Agriculture for May 1915

GPB—1,500—8-7-14

DIARY No. 1066

12-12
SEC
DIARY No.

18

No 743.

Mysore Economic Journal

Dated, Bangalore, 11th September 1915.

From

C. Nayavadana Rao, Esq., B.A.,B.L.,

Editor, Mysore Economic Journal,

Bangalore.

To

P.G. D'Souza, Esq., B.A., B.L.,

Secretary to Government, Departments of

Education and Agriculture, Bangalore.

Sir,

With reference to your Memorandum No. 1159/A & I 64-15-3 dated the 8th September 1915, forwarding, for publication, copy of a Note on the working of the Italian Co-operative Cattle Insurance Society, I have the honour to state that the Note has already appeared on pp. 328-332 of the July number of the Mysore Economic Journal.

I have the honour to be,

Sir,

Your most obedient servant,

Editor.